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No. 15/33/2008DGAD
GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES
UDYOG BHAVAN

NOTIFICATION

New Delhi, the 26th February 2010

Final Findings (Mid Term Review)

Subject: Mid-term Review regarding anti dumping duty imposed on imports of Polytetrafluoroethylene (PTFE) originating in or exported from China PR.

No.15/33/2008 DGAD : Having regard to the Customs Tariff Act, 1975 as amended in 1995 (hereinafter referred to as Act) and the Customs Tariff (Identification, Assessment and Collection of Duty or Additional Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as Rules);

A Background of the Case

1. Whereas the Designated Authority, having regard to the Customs Tariff Act, 1975, as amended from time to time (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, as amended from time to time, (hereinafter referred to as the AD Rules); recommended imposition of Anti Dumping duty on the imports of Polytetrafluoroethylene (hereinafter also referred to as PTFE or the subject goods) originating in or exported from China PR (hereinafter also referred to as the subject country) falling under Sub-heading 39046100. The final findings were notified vide notification No 14/25/2003-DGAD dated 25th July, 2005 and definitive anti dumping duty was imposed vide Notification No. 91/2005-Customs dated 17th Oct., 2005. The petition in that case was filed by M/s. Hindustan Fluorocarbons Limited.

And whereas the Rules require the Designated Authority to review, from time to time, the need for continued imposition of Anti-Dumping Duty. In terms of the above provision, Designated Authority, received an application substantiating the need for review of the anti dumping duty imposed on the subject goods originating in or exported from China and have requested for

modification in the form of duty and enhancement/revision in the quantum of the anti dumping duty imposed on subject goods.

B. Procedure

2. The procedure described below has been with regard to the investigation:

a. The Authority received a duly substantiated application from M/s. Gujarat Fluorochemicals Ltd. for review, modification of the form of duty and enhancement in the quantum of anti dumping duty in force, *inter alia*, based on the grounds that the existing duty is not sufficient to address the injury to the domestic industry. The petitioner submitted prima facie evidence in this regard, requesting for review and enhancement of the anti dumping duty in force.

b. Having satisfied itself that the petitioner has produced sufficient positive information substantiating the need for a review, the Authority initiated the mid-term review investigation of anti-dumping duty imposed on imports of subject goods originating in or exported from China vide Notification No. 15/33/2008-DGAD dated 27th February, 2009 in accordance with Section 9A (5) of the Act, read with Rule 23 of the AD Rules. The scope of the present review covers all aspects of the previous notification.

c. The Embassy of the subject country in New Delhi was informed about the initiation of the investigations in accordance with Rule 6(2).

d. The Authority provided copies of the non-confidential version of the application to the known exporters and the Embassy of subject country in accordance with Rules 6(3) supra. A copy of the non-confidential application was also provided to other interested parties, wherever requested.

e. The Authority forwarded a copy of the public notice to the known exporters (whose names and addresses were made available to the Authority) and gave them opportunity to make their views known in writing within forty days from the date of the letter in accordance with the Rules 6(2) & 6(4). The notice was forwarded to following exporters:

M/s. Zhengxin Fluorocarbons
Jiangsu
China

Shandong Dongyue Chemical Co., Ltd
Shandong,

Changzhou Xiangtong Chemical Co.,Ltd
China

Taizhou Meilan Resin Process Co. Ltd

Jiangsu,China , Taizhou , Jiangsu (China),
Phone:86 523 6579032

ShanDong DongYue Polymer Material Co., Ltd
ZiBo City, Shandong
China 256400

- f. Response to exporter's questionnaire were received from the following producers/ exporters of the subject goods from the subject country:
- M/s Shandong Dongyue Chemical Co Ltd, China PR.
 - M/s DuPont (Changshu) Fluoro Technology Co. Ltd, China PR
- g. The Authority forwarded a copy of the public notice to all the following known importers (whose names and addresses were made available to the authority) of subject goods in India and advised them to make their views known in writing within forty days from the date of issue of the letter in accordance with the Rule 6(4).
- Goenka & Sons, Mumbai
 - Pragati International, New Delhi
 - Venus Industries, New Delhi
 - Mechanical Packing Industries, Mumbai
 - M/s Mach Polymers, Pune
 - Tee Coating Industries, Ahemdabad
 - Pragati Plastic Pvt. Ltd, New Delhi
 - Automate Industries, Ahemadabad
 - Dip Flon Engineering Co., Ahemdabad
 - Plastic Product Engineering Co,Ahemdabad
 - Corrosion Engineers, Ahemdabad.
 - The following importers responded to the notice of initiation.
 - Sanghvi Products,
 - Meerut PTFE Products Pvt. Ltd.
 - Tonk & Associates (P) Ltd.,
 - Trestar Elektroniks,
 - E.I. Dupont India (P) Ltd.,
- h. The Authority kept available non-confidential version of the evidence presented by various interested parties in the form of a public file maintained by the Authority and kept open for inspection by the interested parties as per Rule 6(7).

- i. Exporters, producers and other interested parties who have not responded to the Authority, nor supplied information relevant to this investigation have been treated as non-cooperating interested parties.
- j. A Market Economy Treatment (MET) questionnaire was forwarded to all the known exporters and embassy of China PR with a request to provide relevant information to the Authority within the prescribed time. While for the purpose of initiation the normal value in China PR was considered based on the cost of production of the subject goods in India, duly adjusted, the Authority informed known exporters that it proposes to examine the claim of the applicant in the light of para 7 and para 8 of Annexure I of Anti Dumping Rules, as amended. The exporters/producers of the subject goods from China PR were therefore requested to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 to enable the Authority to consider whether market economy treatment can be granted to cooperative exporters/ producers.
- k. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of subject goods for the past three years, including the period of investigations.
- l. Information was sought from the applicant and other domestic producer to determine non-injurious price based on the cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP) to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry.
- m. The Authority held a public hearing on 29.10.09 to hear the interested parties orally. The interested parties present at the time of hearing were advised to file written submissions of the views expressed orally and were also given an opportunity to file rejoinder to the views expressed by other interested parties. The written submissions and rejoinders received from interested parties have been considered, to the extent considered relevant;
- n. On the spot verification of the data provided by the applicant and DuPont (Changshu) Fluoro Technology Co. examination was carried out to the extent considered necessary.
- o. In accordance with Rule 16 of the Rules supra, the essential facts under consideration of the Designated Authority were disclosed to known interested parties and comments received on the same have been appropriately considered in present Final Findings.
- p. Investigation has been carried out for the period starting from 1st October 2007 to 30th September 2008 (also referred to as the period of investigation or POI). The examination of trends in the context of injury analysis covered the period from 1st April 2005 to the end of period of investigation.
- q. *** in this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.

r. The US exchange rate for the POI have been taken Rs. 41.08=1 US\$

C. Product under consideration and like article

3. The product under consideration in the present case is "Polytetrafluoroethylene (also referred to as PTFE) originating in or exported from China PR. PTFE is produced in various grades, such as molding grade, fine powder, aqueous dispersions and compound grades of filled grades. All grades that were included in the scope of the previous case and current duties are within the scope of the present review. PTFE is primarily used in electrical, electronic, mechanical and chemical industries for their unique characteristics which are chemical inertness, electrical and thermal insulation, low coefficient of friction, non toxic, non flammable, resistance to radiation, low level of static and dynamic friction and outstanding electrical properties over a wide frequency range.

4. Polytetrafluoroethylene (PTFE) is classified under subheading no 390461 under Customs tariff Act and at subheading no. 39046100. Customs classifications are indicative only and, in no way, binding on the scope of the investigations.

5. The applicant has claimed that there is no known difference between the products manufactured by them and the subject goods imported from the subject country. The applicant also claimed that the technology and primary production process employed by them and the foreign producers are comparable; even though every producer fine-tunes its production process based on available facilities and necessities.

Views of the Domestic Industry

6. The present investigation being the mid term review, the scope of the product under consideration must remain same as that in the original investigation. Whereas only M/s Hindustan Fluorocarbons Limited was the only producer at the time of the investigation, the product is now being produced by M/s Gujarat Fluorochemicals Ltd., as well. For this added reason, there is no reason to review the product scope.

Views of the exporter/ producer

7. It has been argued by M/s DuPont (Changshu) Fluoro Technology Co. Ltd, that the scope of the product under consideration is too broad as the notice of initiation includes all the grades of PTFE whereas the applicant M/s Gujarat Fluoro Chemicals limited produces only one grade of PTFE, i.e., Granular Resin. It has also been argued that the grades which are not manufactured by the domestic industry should be excluded from the purview of the product under consideration.

Examination by the Authority

8. The present investigations is review investigation. Anti dumping duties are in force on imports of PTFE on the basis of recommendations earlier made by the Authority. It is noted that M/s Hindustan Fluorocarbons Limited comprised domestic industry in the previous investigations. While the present petition was filed by M/s Gujarat Fluorochemicals Ltd., Hindustan Fluorocarbons Limited has subsequently cooperated with the Authority and has provided all relevant information. The Authority has examined the contentions of various interested parties regarding the scope of the product under consideration particularly about the fact that some of the grades pertaining to product under consideration being imported from the subject country are not being manufactured in India or there is no domestic like product or the product range is too broad. After examination, it is noted that a particular grade of the product under consideration can not be excluded so long as the like article is being produced by the domestic industry. In the present investigations, the domestic industry comprises of Gujarat Fluorochemicals Ltd. and Hindustan Fluorocarbons Limited. M/s Hindustan Fluorocarbons Limited constituted the domestic industry at the time of previous investigations. It was established in the original investigations that the domestic industry produced and supplied like article to the product under consideration. Since both Gujarat Fluorochemicals Ltd. and now M/s Hindustan Fluorocarbons Limited have cooperated with the Authority in the present investigations and have provided all relevant information, the scope of product under consideration and like articles is required to be decided based on the goods produced and supplied by these two companies. Subsequent to the disclosure statement, the domestic industry as well as exporter and importers have reiterated their views as made earlier in their submissions. After examining the submissions and verifications of domestic industry, it is noted that the domestic industry manufactures the domestic like product to the product under consideration as defined in this disclosure statement. Therefore, for the purpose of the midterm review, the scope of the product under consideration remains the same as defined in the original investigations and as mentioned in the para (3) as above.

D. Domestic Industry and Standing

9. The application has been filed by Gujarat Fluorochemicals Ltd., Noida. Further, M/s Hindustan Fluorocarbons Limited, Hyderabad, has cooperated in the present investigation and provided all relevant information. In the original investigations, Hindustan Fluorocarbons Limited (HFL) had filed the petition before the Designated Authority.

10. M/s Gujarat Fluorochemicals Ltd. (GFL), has set up a new plant for production of PTFE with an installed capacity of 5500 MT, which commenced commercial production in December 2007. Capacity and production of Gujarat Fluorochemicals Ltd., in the current investigation period is significantly higher than Hindustan Fluorocarbons Limited. The Authority notes that production by Gujarat Fluorochemicals Ltd., and Hindustan Fluorocarbons Limited accounts for 100% of the production of the subject goods in India. The Authority has considered M/s Gujarat Fluorochemicals Ltd., and Hindustan Fluorocarbons Limited as domestic industry for the purpose of the present investigations. In response to the disclosure statement, the exporter and importers have objected to the fact that M/s HFL had entered the anti dumping proceedings after the public hearing and interested parties were not notified about the submissions of M/s HFL till

the issuance of the disclosure statement. After examining the issues, it is noted that M/s HFL had participated in the public hearing and had submitted the information as per the domestic industry proforma and a copy of the non confidential version of the same was duly placed in the public file for information to all concerned interested parties.

Confidentiality

11. The Authority examined the confidentiality claims of the interested parties and on being satisfied with regard to claim on confidentiality, the same has been allowed.

Submissions and issues raised

12. The Authority notes that the following parties have filed questionnaire responses -

Name of the company	Status
Shandong Dongyue Polymer Material Co. Ltd.	Producer & exporter
DuPont (Changshu) Fluoro Technology Co. Ltd	Producer & exporter

13. Further, M/s Sanghvi Products, India, M/s Meerut PTFE Products Pvt. Ltd. M/s Tonk & Associates (P) Ltd., M/s Trestar Elektroniks, M/s E.I. Dupont India (P) Ltd., have also responded to the Designated Authority and provided the information relevant to the present investigation through M/s Lakshmi Kumaran and Sridharan. Views expressed by the interested parties have been appropriately taken into account in the present disclosure statement.

E. Determination of Dumping Margin

Market economy claims

14. At the stage of initiation, the Authority proceeded with the presumption by treating China PR as a non-market economy country. Upon initiation, the Authority advised the producers/exporters in China to respond to the notice of initiation and provided information relevant to determination of their market economy status. The Authority sent copies of the MET questionnaire to all the known exporters for rebutting presumption of non market economy in accordance with criteria laid down in para 8(3) of Annexure-I to the Rules. The Authority also requested Government of China to advise producers/exporters in their country to provide information.

15. As per Paragraph 8, Annexure I to the Anti Dumping Rules as amended, the presumption of a non-market economy can be rebutted if the exporter(s) from China PR provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and establish to the contrary. The cooperating exporter/producer of the subject goods from China

are required to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 in response to the Market Economy Treatment questionnaire to enable the Designated Authority to consider the following criteria as to whether:-

- a) The decisions of concerned firms in China PR regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values;
- b) The production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts;
- c) Such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
- d) The exchange rate conversions are carried out at the market rate.

Submission by the domestic industry

16. Domestic industry has raised following issues with regard to the present investigations

- (a) Dupont has resorted to significant dumping in the Indian market. Dupont appears to have started production in some new form sometimes during the period of investigation.
- (b) It is possible that Dupont is engaged in production along with M/s Shanghai 3F, which is a State owned/controlled company, making financial losses for quite some times.
- (c) Shanghai 3F has not even responded to the Designated Authority. Thus, it should be concluded that the Designated Authority has partial response in as much as the company undertaking majority of the production activity has not responded to the Authority and the company undertaking only last stage of manufacturing facility has come before the Authority.
- (d) In a situation where production activity is de-facto with the other company, there is no way Dupont can claim that its decisions concerning prices, costs, inputs (including raw materials), cost of technology, production, sales and investments are made in response to market signals reflecting supply and demand and without significant state interference.
- (e) The import price from China is unreliable. On comparing Indian data with that of China it can be seen that even when import volumes are almost in similar region, the values are significantly different. Even when it is appreciated that one of the values is FOB and the other is CIF, the difference in the two is much much higher than this.
- (f) For the calculation of Normal Value, India should be considered as the surrogate country.

- (g) Comparison of normal value with export price would show that the dumping margin in the present case is materially higher than the dumping margin earlier established, thus essentialising the need to enhance the Anti-Dumping Duty.
- (h) There also exists likelihood of continuation of injury as :
- i. The current exports to third countries are at dumping prices and the dumping is likely in the event of revocation of anti dumping duties on the two countries.
 - ii. Volume of imports in case of China has significantly increased inspite of imposition of anti dumping duties.
 - iii. Presence of Freely disposable present and potential capacities with the foreign producers
 - iv. Imports from the subject country are likely to undercut the prices of the domestic industry in the event of revocation of anti dumping duties.
 - v. Comparison of the current exports from the subject countries with the demand in India shows that their current exports to some of the countries individually are much higher than gross demand in India.
 - vi. As the examination of the performance of the domestic industry shows, the domestic industry has suffered injury during the current investigation period. Performance of the domestic industry cannot improve in the event of revocation of anti dumping duties. At the least, it would deteriorate further.
 - vii. The market share of Chinese imports is quite significant inspite of existing anti dumping duties.

Submission by M/s Du Pont

17. DuPont has filed response to MET questionnaire and has claimed market economy status. The company claimed that its questionnaire response establishes that it is entitled for market economy status. In its questionnaire response, the company claimed, inter-alia that it purchases its raw material from outside. However, no evidence has been provided to establish that the prices of basic inputs substantially reflect market values. All the utilities are admittedly purchased from state owned entity.

Examination by Authority

18. The Authority notes that M/s DuPont (Changshu) Fluoro Technology Co. Ltd, (DuPont) a producer/ exporter of the subject goods from the subject country, has submitted information on prescribed format to rebut non-market economy presumption. On the spot investigations were conducted at the premises of the company, which included examination of the market economy status claim of the company. It was found that the company was first established in 2005 in the name of DuPont (Changshu) Electronic Gas Technologies Co Ltd as shown in the Certificate of Approval for establishment of enterprises with foreign investment. Subsequently, the approval was changed to the new name of the company DuPont (Changshu) Fluoro Technology Co Ltd. Hereinafter, the company is referred to as 'Du Pont Changshu'. The name continued to remain the same till the date of verification. The company was wholly owned by Du Pont China Holding Co Ltd – a Chinese company which in turn is wholly owned by Du Pont China Ltd – a US

basedcompany.

19. It was noted during the verification proceedings that the company had **** directors including the chairman and all of them had worked in various positions in several Du Pont Group companies for more than **** years before becoming directors in Du Pont Changshu. It was noted that the company was established from the scratch. They acquired land from Bureau of Land and Resources of Changshu, Jiangsu Province. They had purchased land use rights for **** sqm of land for a period of **** years at premium of RMB. ****. After acquiring the land use rights, Du Pont Changshu acquired plant and machinery from abroad as well as from within China. Majority of the equipments were imported. Of the total machinery value of RMB. ****, domestically purchased machinery constituted RMB. **** (****%) and the imported machinery constituted RMB. **** (****%) in terms of the statement generated from their accounting system.

20. Du Pont Changshu maintained accounts as per Chinese GAAP as also in accordance with US GAAP. The technology for manufacturing the product concerned was acquired from E.I.Dupont De Nemours and Co – a group company. In terms of the said technology, Du Pont Changshu used TFE as the basic raw material which was then polymerized to produce PTFE. Since the major raw material was TFE, the sources of supply of the said raw material was verified. It was found that Du Pont Changshu was procuring TFE from an unrelated supplier which was a state owned company. It was also stated that they supply TFE only to Du Pont Changshu through a pipeline. Since there was no other supplier of the raw material and the state owned company was also exclusively supplying to Du Pont Changshu, the market price of raw material could not be established. Further, the possibility of state intervention in raw material prices could not be ruled out. During the verification, the exporter and producer of PTFE was not able to prove the requirement of para 8 (3) of the Annexure 1 of the Anti dumping rules that whether costs of major inputs substantially reflect market values.

21. Thus, on the basis of foregoing, the Authority has not granted market economy status to M/s DuPont.

E.1 Normal Value for China PR

22. As recorded earlier, the Authority has not granted market economy treatment to DuPont for the purpose of this finding. Therefore, the Authority has determined normal value on the basis of Para-7 to Annexure-I to the Rules. Para 7 of Annexure I of the Anti-dumping Rules provide that:

“In case of imports from non-market economy countries, normal value shall be determined on the basis if the price or constructed value in the market economy third country, or the price from such a third country to other countries, including India or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question, and

due account shall be taken of any reliable information made available at the time of selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.”

23. In accordance with the para 7 of the Annexure 1 of the Anti dumping rules as mentioned above, normal value is required to be determined on the basis of costs or prices in market economy third country. It is noted in this regard that the petitioner has not been able to provide any information with regard to price of the product under consideration in a market economy third country. The responding exporter from China appears to have manufacturing facilities in Europe. The company has however not provided any information with regard to costs or prices of the product under consideration in Europe. Further, one of the European country is facing anti dumping investigations in USA. Price of the product under consideration from market economy third country to India could also not be adopted as it has not been established that the same are in the ordinary course of trade. Under the circumstances, the Authority is constrained to determine normal value on the basis of constructed cost of production. The normal value has been constructed taking into account international price of the major inputs, consumption norms, conversion cost, and SGA expenses of the domestic industry and after addition of a reasonable profit margin of 5%. The normal value works out as under:

Material Cost	****
Utility Cost	****
Conversion cost	****
SGA	****
Finance Cost	****
Profit Margin @ 5%	****
Normal Value (Rs. per Kg)	****
Exchange rate for INR to USD	****
Normal Value (US\$ per Kg)	9.25

E.2 Net Export Price in case of M/s DuPont

24. The export price has been determined on the basis of the information provided by DuPont, considering weighted average price of the goods sold during the investigation period. The Authority has allowed price adjustments, as claimed by the exporter and verified by the Authority, on account of inland freight, ocean freight and marine insurance. The net export price as determined after all adjustments are on weighted average basis US \$ ****per Kg.

E.3 Export Price in case of Shangdong Dongyue Polymer Material Co and Other exporters

25. The Authority notes that the company has declined to cooperate with the Authority and has not offered itself for verification. The Authority has considered the exporter non cooperative. Verification of the records of the exporters was more important in view of the claim of the applicant that the price at which goods were reported for clearance in India were substantially

higher than the price at which the goods were indeed invoiced by the exporter. It was thus imperative to verify the export price claims with the records maintained by the exporter, which became infeasible in view of non cooperation by the exporter. In view of this net export price has been determined for other exporters at a lower representative level and is determined as US \$ *****/Kg.

E.4 Dumping Margins

26. Dumping margin has been determined considering the normal value and export price determined, as detailed above. Dumping margin comes as under:-

In US \$	DuPont	Any other Chinese producer/ exporter
Normal value	9.25	9.25
Net Export price	****	****
DM \$	****	****
DM%	52-57	55-60

F. INJURY DETERMINATION

Views of Domestic Industry

27. The Domestic Industry has submitted that subject goods from China and Russia have caused injury to the Domestic Industry as evident from the following:

- (a) In case of Russia, imports continued in significant volumes.
- (b) In case of China, imports increased significantly as compared to original investigation period.
- (c) The increase in imports from China is inspite of imposition of anti dumping duties.
- (d) In case of China, share of imports has remained very significant in relation to demand/consumption in India.
- (e) The significant volume of Chinese imports are inspite of significant capacities and production within the Country.
- (f) Imports from China and Russia (both individually) are significantly undercutting the prices of the domestic industry.
- (g) Imports are resulting in price underselling.
- (h) Performance of the domestic industry continues to be adverse. In fact, the domestic industry has been prevented from utilizing its capacities. Even when domestic industry has kept production at low levels, the inventories have sky rocketed to 8-10

months sales. Sales volumes are materially low as compared to the demand in the Country. The domestic industry is suffering significant financial losses, negative return on investment and cash profits. Performance of the domestic industry is materially below

- (i) When compared with the projections in its project report.
- (j) Capacity utilization of the Domestic Industry has declined.
- (k) Inventories have been piled up significantly.
- (l) Market share of the subject goods in the domestic market has shown a decline.
- (m) Losses have first declined but later have again increased.
- (n) Sales volumes have increased. However, the profitability has significantly declined.
- (o) Return on capital employed has first improved but then have later deteriorated.
- (p) Price undercutting is positive.
- (q) Imports are causing price suppression in the prices of the subject goods in the domestic market.
- (r) Growth is showing a negative trend.
- (s) Cash profit first improved but then have later deteriorated.
- (t) Employment & wages have shown a positive trend.
- (u) One of the petitioner companies is suffering a negative impact; whereas the other being a multi-product company, is not showing any significant impact over its ability to raise capital.

Views of Importers & Users

28. Following arguments have been advanced by the various importers and users
- a. There has been no injury to the Domestic Industry as both market share and sales of the Domestic Industry shows improvement in the POI.
 - b. Petitioner has submitted data only for ten-month period, which cannot serve as the basis for imposition of duty.
 - c. While calculating NIP necessary adjustments should be made towards credit, as Gujarat Fluorochemicals Ltd. is recording its strong presence in the International Credit market.
 - d. Gujarat Fluorochemicals Ltd. has started its production of the subject good only in December 2007. Hence it needs some time to arrive at optimal production and sales level.

Examination by the Authority

29. The Authority has examined the views of the interested parties with regard to injury to the domestic industry. It is noted that

- (a) with regard to increase in market share and sales of the domestic industry, the Authority notes that the applicant commenced commercial production in the

investigation period. Therefore, some increase in the sales volumes of the domestic industry and consequent increase in the market share is a consequence of this commencement of production.

- (b) With regard to the period for which injury data has been made available, the Authority notes that while M/s Gujarat Fluorochemicals Ltd. has commercial production only for this period; Hindustan Fluorocarbons Limited was in production for the entire injury period. The company has provided information relevant to injury assessment. Therefore, the injury to the domestic industry has been examined for investigation period and three preceding years in the present investigations.
- (c) With regard to determination of non injurious price after giving credit for carbon credits, the Authority notes that the non injurious price has been determined on the basis of records maintained by the domestic industry in accordance with Generally Accepted Accounting Principles. Raw materials required for production of the product under consideration does not provide any benefit of carbon credits. Carbon credits are received on account of HFC-23 (also known as R-23), which is not a raw material in production of the product under consideration. Further, since the domestic industry is captively producing R-22, the Authority is required to consider market price of R-22. The cost of production of R-22 is therefore in any case not relevant for determination of non injurious price of PTFE.
- (d) With regard to commencement of commercial production by Gujarat Fluorochemicals Ltd. only in the investigation period and short period of the same, the Authority notes that –
 - i) Petitioner has provided its injury information to the extent it has been in commercial production. Petitioner has provided information for the subsequent period in its submissions to show the performance to the maximum extent available;
 - ii) Petitioner has provided information from its project report on the basis of which the present plant was conceived, which shows that the performance achieved so far is far adverse as compared to the performance envisaged in the project report.
 - iii) It has been claimed that even if the non-injurious price envisaged in the project report is considered, landed price of import is substantially below such non-injurious price.
- (e) It has been contended by importers and exporter that Authority should examine to what extent and whether costs associated with start up operations contributed to the injury As regards start up costs and losses due to recent commercialization of production, the Authority notes that the project report of the Gujarat Fluorochemicals Ltd. shows that the same had projected profit in the very first year of commencement of production. It is noted that start up costs for first

two months of the operations have been capitalized. Hence, the same has not affected the injury analysis of the company.

Examination by the Authority of injury parameters

30. Rule 11 of Antidumping Rules read with Annexure-II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, “.... taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles....” In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to suppress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

31. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the rules supra.

32. The present investigations are mid term review investigations of anti dumping duties in force. Rule 23 provides that provisions of Rule 11 shall apply, mutates mutandis basis in case of a review as well. The Authority has therefore determined injury to the domestic industry considering, mutates mutandis, the provisions of Rule 11 read with Annexure II. Further, since anti dumping duties are in force on imports of the product under consideration, the Authority considers that the fact of existing anti dumping duties on the product on imports from China and Russia is required to be considered while examining injury to the domestic industry. The Authority has examined whether existing measure is not sufficient to counteract the dumping which is causing injury.

33. The product under consideration was being produced in India only by Hindustan Fluorocarbons Limited at the time of previous investigations. The present petition has been filed by Gujarat Fluorochemicals Ltd., who has set up a new production facility for production of the product under consideration. Gujarat Fluorochemicals Ltd. commenced commercial production in Dec., 2007. Therefore, the Authority has determined injury to the domestic industry by considering information relating to Gujarat Fluorochemicals Ltd. and Hindustan Fluorocarbons Limited. Further, since Gujarat Fluorochemicals Ltd. has commenced commercial production in Dec., 2007 only and has installed capacities significantly higher than Hindustan Fluorocarbons Limited, the Authority notes that the same is relevant for assessment of injury to the domestic industry. The production of M/s GFL has started in December 2007 and hence pro rata capacity , for M/s GFL has been computed and added to the capacity of M/s HFL to determine the total capacity of the domestic industry in 2007-08 and POI.

Volume Effects of Dumped Imports: Import volumes and market shares

34. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India.

35. One of the primary grounds in the petition was that the import price reported for clearance of the goods in India is not the real price at which the goods have been exported from China. During the course of the investigations, the domestic industry submitted that the volume and especially price effect on account of dumped imports of subject goods from China PR should be determined from the import data as available in the World trade Atlas through China Customs. On the other hand various interested parties (importers) have countered this by stating that China Customs data may include imports which may not have entered in to India as it may have been sold by third party sale. The Authority examined in detail the information on imports as per China Customs data (as available in World Trade Atlas), DGCI&S statistics and IBIS. The volume of imports reported in Worlds Trade Atlas is quite comparable to the volume of imports reported in DGCI&S. However, there is significant difference in the weighted average export price as per China Customs data and weighted average import price as per DGCI&S data (even after making necessary adjustments for ocean freight and insurance). In fact it has been determined that import prices from World Trade Atlas data are much less than that of DGCI&S or IBIS and corresponds with the export price claimed and determined for cooperating exporter M/s Du Pont.

It is also noted that only two Chinese producers had initially responded to the Authority at the stage of initiation. While M/s DuPont has fully cooperated with the Authority, it is found M/s Shandong Dongyue Chemical Co Ltd, has not fully cooperated with the Authority. In fact, the company did not offer onsite verification of its data despite being conveyed that in the event of their non cooperative for verification, the Authority would be forced to adopt data as per facts available. It was all the more important and necessary in view of serious challenge by the domestic industry to the import price reported to Indian customs authorities. Thus, in view of the above, the Authority considers it appropriate to determine export price from China PR on the basis of Chinese Customs data for all exporters except M/s DuPont. Since month wise information on volume and value of exports is available, the Authority has relied on the same to determine export price in respect of China.

36. Demand of the product in the Country has been assessed as the sum of domestic sales of the domestic producers and imports from all sources. The share of subject country in total imports and demand in India are as follows:

Particulars	Unit	2005-06	2006-07	2007-08	Oct-Sep08 (POI)
Country					
China PR	MT	644	778	1,153	1,180
Trend	Indexed	100	121	179	183

Others	MT	777	950	1,012	1,137
Total	MT	1,421	1,728	2,165	2,317
Trend	Indexed	100	122	152	163
Share of subject country in total imports	%	45.31	45.01	53.27	50.93
Subject imports in relation to demand	%	37.24	38.95	49.09	42.91

37. The Authority notes that

- (a) Despite the fact that anti dumping duties is in place on imports from China, the volume of imports has significantly increased.
- (b) It is noted that Chinese imports in relation to production has declined. It is further noted that the same is because of addition of capacity in India (by Gujarat Fluorochemicals Ltd.) and consequent increase in production.
- (c) It is noted from the above table that Chinese imports in relation to consumption in India has declined, however, the same is because of addition of capacity in India by Gujarat Fluorochemicals Ltd. and consequent increase in consumption.

Price effect of imports

38. With regard to the effect of the dumped imports on prices, it has been examined whether there has been a significant price undercutting by the dumped imports as compared with the price of the like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. A comparison for product concerned was made between the landed value of exported product and the average selling price of the domestic industry. Selling price of the domestic industry has been determined net of all rebates and taxes, at the same level of trade. This comparison showed that imports from China were significantly undercutting the prices of the domestic industry in the market.

Price undercutting - China (Based on World Trade Atlas, China customs data)

Particulars	Unit	2005-06	2006-07	2007-08	Oct-Sep08 (POI)
Landed Price	Rs. Kg	285.50	307.42	258.16	271.54
Net sales realization	Rs. Kg	****	****	****	****
Price undercutting	Rs. Kg	****	****	****	****
Price undercutting	%	25-35%	25-35%	35-45%	15-23%

39. The Authority has also examined price underselling suffered by the domestic industry and notes that the landed value from subject country is significantly below the cost of production and non-injurious price of domestic industry. Further, while cost of production of the subject goods declined, the decline in the selling price of the domestic industry was far more than the decline in the cost of production. The imports are thus depressing the prices of the subject goods in the market.

Particulars	Unit	2005-06	2006-07	2007-08	Oct-Sep08 (POI)
Cost of sales - Domestic	Rs. Kg	****	****	****	****
Trend	Indexed	100	99	115	84
Selling Price per unit - Domestic	Rs. Kg	****	****	****	****
Trend	Indexed	100	102	98	77
Landed Price	Rs. Kg	285.50	307.42	258.16	271.54

40. It is further noted that the landed price of dumped imports are significantly below the cost of production and non injurious price of the domestic industry. The dumped imports are therefore resulting in price underselling in the market.

Particulars	Unit	DuPont	Other non cooperating exporters
Landed price of imports	US\$ per Kg	****	6.80
Cost of production of DI	US\$ per Kg	****	****
Non injurious price of the domestic industry	US\$ per Kg	****	****
Price underselling amount	US\$ per Kg	****	****
Price underselling %	%	32-38	65-70

Economic parameters of the domestic industry

41. Annexure II to the AD Rules requires that a determination of injury shall involve an objective examination of the consequent impact of these imports on domestic producers of such products. With regard to consequent impact of these imports on domestic producers of such products, the Rules further provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments. An examination of performance of the domestic industry reveals that the domestic industry has suffered material injury. However, the present investigations being a mid term review investigations, injury to the domestic industry is required to be assessed on mutates mutandis basis. Further, the Authority has examined whether existing measure is not sufficient to counteract the dumping which is causing injury. Further, whereas only Hindustan Fluorocarbons Limited was in production at the time of original investigations, Gujarat Fluorochemicals Ltd. with a capacity significantly higher than Hindustan Fluorocarbons Limited has commenced commercial production, that too in Dec., 2007 (i.e., in the investigation period itself). The various injury parameters relating to the domestic industry are discussed below.

Production, sales and capacity utilization:

42. The Volume of domestic production and effects of dumped imports on the domestic operation of the domestic industry have been examined in terms of total production, capacity utilization and domestic sales of the domestic industry.

Particulars	Unit	2005-06	2006-07	2007-08	Oct-Sep08 (POI)
Installed capacity	Mt	500	500	2,333	5,083
Output/Production	Mt	228	245	826	1,478
Trend	Indexed	100	107	361	647
Capacity Utilization	%	45.69	49.00	35.38	29.07
Trend	Indexed	100	107	77	64
Sales of Domestic Industry	MT	308	269	184	433
Trend	Indexed	100	87	60	141

43. It is noted that

- i. The Capacity for the product under consideration has significantly enhanced during the injury period. As stated earlier, Gujarat Fluorochemicals Ltd. has set up a plant with installed capacity significantly higher than Hindustan Fluorocarbons Limited.

- ii. The Sales volumes of the domestic industry and consequently its production have significantly increased. The increase in these parameters is due to commencement of new production facilities in the Country. It is noted that the volume of Chinese imports has significantly increased over the period.
- iii. The Capacity utilization of the domestic industry has declined. This establishes that the domestic industry has not been able to utilize its capacities in spite of existing demand in view of presence of dumped imports.

Market share:

44. The effects of the dumped imports on the domestic sales and the market shares of the domestic industry have been examined as below:

Particulars	Unit	2005-06	2006-07	2007-08	Oct-Sep08 (POI)
Import from China PR	MT	644	778	1,153	1,180
Import from other countries	MT	777	950	1,012	1,137
Sales of domestic industry	MT	308	269	184	433
Total Demand in India	MT	1,729	1,997	2,349	2,750
Market share in Demand					
Share of Domestic Industry	%	17.83	13.46	7.84	15.75
Share of China PR	%	37.24	38.95	49.09	42.91
Share of other countries	%	44.94	47.59	43.07	41.34
Total	%	100.00	100.00	100.00	100.00

- a. It is noted that the market share of the domestic industry has declined.
- b. It is further noted that though the market share increased to some extent in the investigation period from the previous year, the same is still substantially lower than the market share registered earlier.
- c. Further, given the fact that new production facilities has helped commence commercial production in the investigation period for M/s GFL which is one of the two domestic producers constituting the domestic industry, the market share of the domestic industry was expected to have increased much higher than the levels registered earlier. However, Chinese imports are still having significant share in the demand for the product under consideration in India.

Profits/Loss, cash flow and return on investments

45. Profits, cash flow and return on investments earned by the domestic industry from the sales of the subject goods in the domestic market were as follows: -

Particulars	Unit	2005-06	2006-07	2007-08	Oct-Sep08 (POI)
Cost of sales – Domestic	Rs. Kg	****	****	****	****
Trend	Indexed	100	99	115	84
Selling Price per unit – Domestic	Rs. Kg	****	****	****	****
Trend	Indexed	100	102	98	77
Profit/Loss (PBT) – Domestic	Rs. Kg	****	****	****	****
Trend	Indexed	(100)	(94)	(141)	(96)
Profit/Loss (PBT)	Rs. Lacs	****	****	****	****
Trend	Indexed	(100)	(82)	(84)	(135)
Profit/Loss (PBIT)	Rs. Lacs	****	****	****	****
Trend	Indexed	(100)	(79)	(83)	(123)
Cash Profit	Rs. Lacs	****	****	****	****
Trend	Indexed	(100)	(71)	(94)	(125)
Return on Capital Employed on NFA basis	%	****	****	****	****
Trend	Indexed	(100)	(156)	(11)	(9)

46. It is noted that

- (a) The domestic industry was already suffering significant financial losses. In spite of existing anti dumping duties from China PR, the situation deteriorated further in the investigation period. The domestic industry reported higher losses in the investigation period.

- (b) Return on investment was significantly negative in earlier years. The same continued to be negative, even though the position with regard to return on investment has improved.
- (c) The domestic industry has suffered negative cash profits throughout the injury period. Further, the level of cash losses have increased during the investigation period.

Factors affecting prices

47. Consideration of the import prices from China and other countries, change in the cost structure, competition in the domestic market, factors other than dumped imports that might be affecting the prices of the domestic industry in the domestic market shows that the landed value of imported material from subject country is below the selling price of the domestic industry, causing price undercutting in the Indian market as per the World Trade Atlas data. Imports from other countries are at much higher prices. There is no viable substitute to this product. Demand for the product was showing significant jump and could not have been a factor responsible for price suppression faced by the domestic industry. It thus appears that the one of the major factors responsible for the domestic industry prices is the import prices of the subject goods from China PR and the cost of production of the domestic industry. As the information shows, the domestic industry has been prevented from charging a price that would permit recovery of cost of production.

Employment, productivity and wages

48. Number of employees employed by the domestic industry, its productivity and wages paid shows as follows

Particulars	Unit	2005-06	2006-07	2007-08	Oct-Sep08 (POI)
Employment	Nos.	153	146	167	224
Trend	Indexed	100	95	109	146
Wages	Rs.Lacs	****	****	****	****
Trend	Indexed	100	96	165	252
Productivity per employee	Mt	1.49	1.68	4.94	6.61
Trend	Indexed	100	113	331	443

49. It is noted that employment has increased. The increase in employment is because of addition of capacities during the investigation period. Wages paid have also increased. Productivity of the domestic industry has shown significant improvement.

Inventories

50. It is noted that inventories of the subject goods with the domestic industry have shown a significant increase in the POI. While it is noted that some increase in inventories could be due to one more company commencing production, the increase in the inventories is too significant.

	Unit	2005-06	2006-07	2007-08	Oct-Sep08 (POI)
Opening Stock	Mt	112	32	8	3
Closing Stock	Mt	32	8	490	414
Average Stock	Mt	72	20	249	208
Trend	Indexed	100	28	347	290
Number of days sales in stock	Nos.	38	11	972	349
Trend	Indexed	100	30	2,566	920

Magnitude of Dumping

51. The dumping margin determined are above de minimis level and are considered significant.

Growth

52. It is noted that the domestic industry continues to face negative growth in terms of a number of parameters. It is further noted that though the production and sales volumes have shown some positive growth, the same is considered below the levels that the domestic industry could have achieved in the absence of continued dumping.

Growth (year to year basis)	Unit	2005-06	2006-07	2007-08	Oct-Sep08 (POI)
Growth in sales volume	%		(10-15)	(30-35)	130-140
Growth in production	%		5-10	230-240	75-85
Growth in demand	%		10-20	10-20	10-20
Growth in selling price per unit	%		2-8	(3-10)	(15-25)
Growth in Cost of sale per unit	%		(1-3)	10-20	(20-305)
Growth in profit/loss per unit	%		3-10	(45-55)	30-40

Growth in Profits (PBIT)	%		15-25	(3-10)	(40-50)
Growth in Cash Profit	%		25-35	30-40	25-35
Growth in ROI	%		(45-55)	120-130	1-5
Growth in Inventories	%		(65-75)	1100-1200	(12-22)

Ability to raise fresh investment

53. It is noted that one of the domestic industry (Gujarat Fluorochemicals Ltd.) is a multi product company while the other (Hindustan Fluorocarbons Limited) is a subsidiary of M/s HOCL, which is also a multi product company. It has been claimed by the domestic industry that the product is a capital intensive and has been suffering financial losses for quite some time. M/s Gujarat Fluorochemicals Ltd. has claimed that it had plans to further expand the capacities for the product under consideration. However, the company has put the same on hold due to continued adverse performance.

Conclusions on injury

54. The examination of above injury parameters and considering the fact that the anti dumping duties are in place on imports from China and Russia, the Authority concludes that despite overall growth in demand and addition of fresh capacities in the Country, imports of the product under consideration from China have increased significantly both in absolute terms and relative to production and consumption in India. Even though the share of imports in demand/consumption in India in the POI declined as compared to the preceding year, the same was still higher than earlier years. M/s Gujarat Fluorochemicals Ltd., commenced commercial production during the POI. Injury to the domestic industry has been examined in the light of addition of capacities and fresh production by new company. It is noted that dumped imports from China PR have been undercutting the domestic prices. Further, the landed prices of subject goods from China PR have caused price depression in the domestic market. With regard to consequent impact of the dumped imports on the domestic industry, it is noted that performance of the domestic industry continued to remain adverse on account of capacity utilization, market share, profits, return on investment, cash profits and inventories though the same should have improved as a result of increase in demand and imposition of anti dumping duties earlier.

On the basis of above analysis, it is concluded that the performance of the domestic industry has not improved even after the imposition of anti dumping duties. The situation of the domestic industry has remained fragile and adverse. Existing measure is not sufficient to counteract the dumping which is causing injury. The domestic industry has suffered continued material injury.

G. Causal Link

55. As per the AD Rules, the Designated Authority is, inter alia, required to examine any known factors other than the dumped imports which at the same time are injuring the domestic industry, so that the injury caused by these other factors must not be attributed to the dumped imports. Factors which may be relevant in this respect include, inter alia, the volume and prices of imports not sold at dumping prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and the productivity of the domestic industry. It was examined whether these other parameters listed under the Rules could have contributed to injury to the domestic industry. It was found that

- (a) **Imports from Third Countries:** - The Authority notes that price of imports of the product under consideration from countries other than China and Russia are significantly higher than the import price from the countries attracting anti dumping duties.
- (b) **Contraction in Demand:** - There is no contraction in the demand during injury period. On the contrary, overall demand for subject goods has shown significant positive growth during the injury period.
- (c) **Pattern of consumption:** - It is noted that no significant change in the pattern of consumption has come to the knowledge of the Authority, nor any interested party has made any submission in this regard.
- (d) **Conditions of competition:** - It is noted that the investigation so far has not shown that conditions of competition or trade restrictive practices are responsible for the claimed injury to the domestic industry.
- (e) **Developments in technology:** - It is noted that the investigation so far has not shown that there was any significant change in technology which could have caused injury to the domestic industry.
- (f) **Export performance of the domestic industry: - Export performance of the domestic industry:** - It has been argued that the domestic industry has been exporting significant exports at financial losses and injury to the domestic industry is due to possible losses in its exports. The domestic industry has contended that they are being forced to export only because of lack of demand for their product in the Country because of presence of dumped imports in the market. It is noted that the export volumes of the domestic industry have increased. Further, the export price of the company has been found far higher than the import price in India. In fact, the price in case of exports is found higher than the domestic selling price. The company has been exporting to a number of destinations in the World, including some of the developed countries. Further, the price and profitability in the domestic and export market has been segregated by the Authority for the purpose of present injury assessment. Therefore, the analysis on injury is not misrepresentative due to possible inclusion of export performance and injury to the domestic industry is not due to possible deterioration in exports.
- (g) **Carbon Credits** – During the investigations, some of the interested parties have argued that the domestic industry is earning good revenue from sale of credits. The Authority however notes that the credits are not being generated from production and sale of the

product under consideration and does not have any impact on the Product under consideration.

56. The Authority notes that while listed known other factors do not show that injury to the domestic industry has been caused by these factors, following parameters show that injury to the domestic industry has been caused by dumped imports:
- a. The landed prices of imports were lower than the selling price of the domestic industry. As a result of price undercutting, the consumers have resorted to higher volume of imports, thus leading to decline in market share of the domestic industry.
 - b. Decline in market share has prevented the domestic industry from increasing their production and capacity utilization inspite of increase in demand and setting up of new capacities.
 - c. Landed price of imports were undercutting the prices of the domestic industry. The subject imports have caused price underselling in the Indian market. Resultantly, lower import prices have prevented the domestic industry from increasing their prices.
 - d. The domestic industry has not been able to increase its prices in order to come out of the injury suffered in the past. Price depression effect of the imports has resulted in continued financial losses to the domestic industry and consequently continued negative return on investment and cash profits. Thus, continued adverse performance on account of profits, return on investments and cash profits is due to presence of dumped imports in the market.

57. The Authority therefore, concludes that the dumped Chinese imports have caused continued injury to the domestic industry within the meaning of Rule 11 of Anti-dumping Rules and Article 3.5 of Agreement of Anti- dumping.

Likelihood of continued injury

58. The current investigations are mid term review of anti-dumping duties earlier imposed on imports of PTFE from China. Under the Rules, the Authority is required to determine whether continued imposition of anti-dumping duty is warranted. This also requires a consideration of whether the duty imposed is serving the intended purpose of eliminating injurious dumping. The Authority has conducted investigations and examined dumping and consequent injury in the context of the application filed by the domestic industry, wherein the domestic industry claimed that the anti-dumping duties imposed is not serving the intended purpose of eliminating injurious dumping. In its petition, the domestic industry claimed that the volume of Chinese imports has increased after imposition of duties and the goods are being reported at such prices that no anti-dumping duties are paid on imports. It is noted from the examination of the import data from all sources in general and China Customs in particular that the subject goods is continuously

exported at lower prices. The domestic industry has, in this petition for review asked for modification in the form and enhancement in the quantum of duties.

59. The Authority has considered following parameters while considering continuation of anti-dumping duties –

- (a) Dumping margin determined at the time of original investigation and the current investigation are significant. The product continues to be exported at significantly dumping prices in spite of imposition of anti-dumping duties;
- (b) Volume of imports has significantly increased after imposition of anti-dumping duties. The volume of imports in the current investigation period is higher than even than the original investigation period.
- (c) Freely disposable production capacities – The information provided by the domestic industry and not refuted by other parties shows existence of significant unutilized capacities in China as seen in the table below as well.

	Capacity	Demand/consumption (2008)
China	34000	27600
Other countries	93500	59800
Global	127500	87400

- (d) Information available at World Trade Atlas shows that the exports of the product from China to various countries in the world are quite significant and are at a price significantly lower than the price prevailing in India (after necessary adjustments for expenses).
- (e) Vulnerability of the domestic industry – It has been claimed that the domestic industry continues to suffer material injury in spite of current duties. Injury to the domestic industry is therefore likely to continue.

60. The Authority concludes that the dumped imports from China are likely to continue at dumped prices. The volume of dumped imports is likely to increase further in the event of withdrawal of anti dumping duties. Further, the domestic industry is likely to continue to suffer injury. Further, injury to the domestic industry is likely to intensify in the event of withdrawal of anti dumping duties.

Magnitude of Injury and injury margin

61. The non-injurious prices for the subject good has been compared with the landed value of the exports from the subject country for the same description for determination of injury margin. With regards to determination of landed value of subject goods from M/s Du Pont, it is noted that Subject goods are imported by one of their related company M/s E.I. DuPont India Private Limited who is an importer. The related company M/s E. I Du Pont India Pvt Ltd is selling the subject goods at a higher price than the landed value of the subject gods. For the purpose of constructing injury margin, Authority has constructed the landed value of subject goods taking

into account the adjustments which have taken inter alia the profit margin of the importer and their selling and distribution expenses. For other non cooperating exporters, the weighted average landed price of the exporters from the subject country have been determined after making adjustments in the FOB prices reported in the World Trade Atlas and the China Customs and after deducting the volume and prices of the cooperating exporter. The injury margin has been worked out as per the follows:

Calculation for Landed Price and Injury Margin
for DUPONT

POI (Oct07-Sep08)	PTFE from CHINA PR
Producer & Exporter - DuPont (Changshu) Fluoro Technology Co. Ltd.	Price (USD) per Kg
Landed price (USD PER /KG)	*****
Non-Injurious Price (USD PER KG)	*****
Injury Margin (USD PER KG)	*****
Injury Margin as a % of Landed	32-38%

Calculation for Landed Price and Injury Margin
for Non-Respondent

POI (Oct07-Sep08)	PTFE from CHINA PR
Particulars	Price (USD) per Kg
CIF Export Price USD per Kg	*****
Landing Charges @ 1%	*****
Assessable Value	*****
Basic Custom Duty @ 7.725% (BCD-7.5%+cess on BCD-3%)	*****
Total (Ass. + BCD)	*****
Landed price (USD PER /KG)	*****
Non-Injurious Price (USD PER KG)	*****

Injury Margin (USD PER KG)	****
Injury Margin as a % of Landed	65-70%

Indian industry's interest & other issues

62. The Authority recognizes that imposition of anti-dumping duties might affect the price level of product in India. However, fair competition in the Indian market will not be reduced by the anti-dumping measures. On the contrary, imposition of anti-dumping measures would remove the unfair advantage gained by dumping practices, would arrest the decline of the domestic industry and help maintain availability of wider choice to the consumers of subject goods.

The Authority notes that the purpose of anti-dumping duties, in general, is to eliminate injury caused to the Domestic Industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the Country. Imposition of anti-dumping measures would not restrict imports from the subject country in any way, and, therefore, would not affect the availability of the products to the consumers.

FINAL FINDINGS:

63. Having regard to the contentions raised, information provided and submissions made by the interested parties and facts available before the Authority through the submission of interested parties or otherwise as recorded in the above findings and on the basis of the above analysis of the state of dumping and injury and likelihood of continuation or recurrence of dumping and injury, the Authority concludes that:

- i. The subject goods are entering the Indian market at dumped prices and dumping margins of the subject goods imported from China PR is significant and above de-minimis limits prescribed. The subject goods continue to be exported to India at dumped prices inspite of existing anti dumping duties.
- ii. Considering the facts available on record, the subject goods are likely to enter Indian market at dumped prices, should the present measures be withdrawn.
- iii. The domestic industry continues to suffer injury in spite of existing anti dumping duties. Further, should the present anti dumping duties be revoked, injury to the domestic industry is likely to continue and intensify.
- iv. The deterioration in the performance of the domestic industry is because of dumped imports from China PR.

64. Having concluded that the product continues to be exported at dumped prices, the current dumping margin and injury margin establishes the need for revision in the anti-dumping duty in force, the domestic industry continues to suffer injury and there is likelihood of continuation or resumption of dumping and injury on account of imports from China PR, if the duties are

revoked, the Authority is of the opinion that the form of anti dumping duty is required to be modified, the measure in force is required to be continued and the quantum of anti-dumping duty is required to be modified in respect of imports from China PR.

65. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. For the purpose of determining extent of injury, the landed value of imports has been compared with the non-injurious price of the domestic industry determined for the period of investigation. Accordingly, the antidumping duty equal to the amount mentioned in Col 9 of the table below is recommended to be imposed on all imports of subject goods originating in or exported from China PR.

Table

Sl. No.	Sub-heading	Description	Specifi cation	Country Of origin	Country Of export	Producer	Exporter	Amount	Unit	Cur-rency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	3904 61	Polytetra fluoro-ethylene (PTFE)	Any	China PR	China PR	DuPont (Changshu) Fluoro Technology Co. Ltd	DuPont (Changshu) Fluoro Technology Co. Ltd	3.01	KG	US\$
2.	3904 61	Polytetra fluoro-ethylene (PTFE)	Any	China PR	China PR	DuPont (Changshu) Fluoro Technology Co. Ltd	Any other than DuPont (Changshu) Fluoro Technology Co. Ltd	3.38	KG	US\$
3.	3904 61	Polytetra fluoro-ethylene (PTFE)	Any	China PR	Any	Any Except above	Any	3.38	KG	US\$
4	3904 61	Polytetra fluoro-ethylene (PTFE)	Any	Any except Russia & China	China PR	Any	Any	3.38	KG	US\$

66. An appeal against the orders of the Central Government that may arise out of this recommendation shall lie before the Customs, Excise and Service tax Appellate Tribunal in accordance with the relevant provisions of the Act.

P.K Chaudhery
Designated Authority